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# JEWEL TEA CO., INC.

## First Annual Report

FOR THE YEAR ENDING  
DECEMBER 31, 1916

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*To the Stockholders of*

**JEWEL TEA CO., INC.**

I beg herewith to submit the First Annual Report of your Company, showing the results of the business for the fiscal year ending December 31, 1916.

The Net Profits from Current Operations were \$1,479,673.02 and the Net Sales \$12,892,506.64. The Net Sales thus show an increase of 57½%, while the Net Profits are slightly in excess of those of the previous year. That the Net Profits are not larger is due to the fact that the operations for the year 1916 have absorbed a very large expense in the opening of new territory and in the development of the business in the old branches. During the year 183 new branches have been opened and 742 additional wagon routes established.

Your Company has thus developed an established business and an effective selling organization extending over all the principal cities and towns in the United States, the revenue from which will only fully accrue during the present and future years. The abnormal expense of this rapid extension, which will not hereafter be necessary, aggregated \$980,540.73, of which \$530,192.81, or approximately 54%, has been charged to Current Operations for the year 1916, and the balance, \$450,347.92, deferred as a charge to future operations, in respect of those branches which had not developed to a normal operating basis during the past year.

A large coffee roasting and distributing plant has been acquired at New Orleans, La., which will result in more economical and prompt service to your Company's rapidly growing trade in the Southern and Southwestern States.

The 12-story reinforced concrete building which has been erected by the Hoboken Land & Improvement Company, on a site on the Hudson River, opposite West 23d Street, New York City, is practically completed, and upon the installation of the necessary equipment in the near future, your Company will expect to realize the benefits and economies necessarily incident to the greater facilities, not only afforded for shipments by land and water from this main distributing point, but in purchasing its commodities in a better market.

The audited accounts are presented on the opposite page. It will be observed that your Company has no bonded indebtedness and there are no mortgages on any of its property.

F. V. SKIFF, PRESIDENT.

JEWEL TEA CO., INC.

BALANCE SHEET—DECEMBER 31, 1916

ASSETS		LIABILITIES	
<b>CURRENT ASSETS:</b>		<b>CURRENT LIABILITIES:</b>	
Inventories of Merchandise and Premiums.....	\$ 5,703,991.66	Letters of Credit and Acceptances..	\$ 1,232,137.50
Mortgages and Notes Receivable ..	3,606.53	Notes Payable.....	1,925,000.00
Accounts Receivable (less Reserve)	533,139.80	Accounts Payable.....	403,682.04
Trust Funds—Investments (Surety Deposits per contra)...	49,026.35	Preferred Stock Dividend Payable ..	70,000.00
Common Stock in Treasury held for Distribution to Employees ..	6,148.80	Accrued Wages and Taxes.....	59,464.80
Cash at Banks, on hand and in transit.....	572,619.31	Surety Deposits (Specific Funds, per contra).....	49,026.35
		Reserve for Redemption of Profit-sharing Coupons.....	81,349.10
Total Current Assets..	\$6,868,532.45	Total Current Liabilities.....	\$ 3,820,659.79
<b>DEFERRED CHARGES TO OPERATIONS:</b>		<b>CAPITAL STOCK, Authorized and Issued:</b>	
Merchandise Premiums (at cost) Advanced to Customers (less Reserve).....	\$1,137,579.08	7% Cumulative Preferred Stock:	
Branch Development Expenses Deferred.....	450,347.92	40,000 Shares of \$100 each....	\$ 4,000,000.00
Inventories of Expense Supplies ..	21,732.22	Common Stock:	
Unexpired Insurance Premiums..	19,371.73	120,000 Shares of \$100 each.....	12,000,000.00
Prepaid Interest.....	23,750.17	Total Capital Stock.....	16,000,000.00
Leasehold Purchase and Improvements.....	30,687.82	<b>SURPLUS:</b>	
Solicitors' Commissions on Unfilled Orders.....	34,024.97	<b>CAPITAL SURPLUS:</b>	
Total Deferred Charges ..	1,717,493.91	As at January 1, 1916.....	\$ 814,806.98
<b>CAPITAL ASSETS:</b>		<i>Deduct:</i>	
Real Estate, Chicago... ..	\$ 85,000.00	Organization Expenses..	\$38,954.41
Buildings, Chicago.....	116,999.17	Increase in Reserve for Uncollectible Accounts Acquired January 1, 1916.....	38,714.07
Machinery, Furniture and Fixtures, Chicago and New Orleans.....	56,976.12		77,668.48
Horses, Wagons and Stable Equipment, Chicago.....	47,452.00	Total Capital Surplus... ..	\$ 737,138.50
Horses, Wagons and Miscellaneous Chattels, New Orleans and Branches.....	869,878.77	<b>CURRENT SURPLUS:</b>	
Good-will .....	12,000,000.00	Net Profits from Current Operations, Year Ended December 31, 1916..	\$1,479,673.02
Total Capital Assets.....	13,176,306.06	<i>Deduct:</i>	
		Quarterly Dividends Nos. 1, 2, 3 and 4 declared on Outstanding Preferred Stock during year, including dividend (No. 4), payable January 2, 1917.....	275,138.89
		Total Current Surplus.....	1,204,534.13
		Total Surplus.....	1,941,672.63
		<b>CONTINGENT LIABILITY:</b>	
		For Letters of Credit issued against Merchandise on Contracts—not received or shipped.....	\$ 133,000.00
	\$21,762,332.42		\$21,762,332.42

NEW YORK, January 31, 1917.

We have examined the books and accounts of Jewel Tea Co., Inc., for the year ended December 31, 1916, and certify that the above Balance Sheet is in accordance therewith, and exhibits in our opinion a true and correct view of the position of the Company at the date stated. We further certify that the Net Sales for the year ended December 31, 1916, amounted to the sum of \$12,892,506.64, and that the Net Profits from current operations were \$1,479,673.02, as shown in the above Balance Sheet.

TOUCHE, NIVEN & CO.,  
Chartered Accountants, Auditors.